

Legislative Fiscal Bureau

Fiscal Note

SF 2298 - Firefighter Preparedness Fund (LSB 5907 SV)

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Fiscal Note Version - New

Description

Senate File 2298 creates a Fire Fighter Preparedness Fund under the control of the Division of Fire Protection of the Department of Public Safety. The Bill provides that one-eighth of one percent of tax collected by the State from property tax insurance premiums shall be deposited in the new fund. The Bill also creates a Fire Fighter Preparedness Income Tax Check off and repeals the Code of Iowa limit on the number of income tax check offs on the tax form.

Assumptions

1. The meaning of the term "insurance on property," as it relates to the revenue to be deposited to the new Fund, means fire insurance as well as insurance on homes, farms, automobiles, workers compensation, and other forms of property and casualty insurance as reported by the Division of Insurance in their annual report.
2. General Fund insurance premium tax receipt amounts are not available by insurance line (property, health, automobile, etc.).
3. Iowa Insurance premiums received for property insurance are approximately \$2.8 billion. Based on the State's 2.0% insurance premium tax, \$56.0 million would be generated each year by the tax.
4. However, across all lines of insurance, Iowa's insurance premium tax generates 75.0% of the premium-based amount. This is due mainly to tax credits and exclusions. Therefore, the annual projection for property insurance for FY 2003 is \$42.0 million. One-eighth of one percent of \$42.0 million is \$53,000.

Fiscal Impact

The diversion of one-eighth of one percent of the premium tax on property insurance from the General Fund to a Fire Fighter Preparedness Fund would reduce General Fund revenues by \$53,000 per year. Persons donating to the Fire Fighter Preparedness Fund will contribute between \$50,000 and \$100,000 per year, bringing total projected revenue for the Fund to \$100,000 to \$150,000 per year. Under the provision of the Bill, the entire amount would be available for the State Fire Service and Emergency Response Council to be used to support the Fire Service Training Bureau.

Iowa currently has three income tax check off donation options on the State individual income tax form. Past history indicates the addition of a new check off may reduce the amount of money donated to the current check offs. If this is the case, the addition of a fourth check off may reduce the revenue received by the three current check offs (Non-Game Wildlife, State Fair, and Keep Iowa Beautiful).

Sources

Division of Insurance
Legislative Fiscal Bureau Analysis

/s/ Dennis C Prouty

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
